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SUBJECT: Background for USTR Zoellick's Meeting with State Minister Tuzmen

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Ref: (A) Ankara 1234 and previous (B) Ankara 1157
(C) Ankara 977

Summary

¶11. (SBU) Turkish trade officials tell us that, in the April 5 meeting with USTR Robert Zoellick, State Minister Kursad Tuzmen plans to focus on multilateral trade issues. The Foreign Trade Undersecretariat told us it believes that USTR's January 2004 letter to counterparts has revitalized the WTO negotiations. While Turkey is cautious on lowering tariffs in agriculture, Tuzmen would like to exchange views on this as well as on industrial tariffs and Singapore issues. Foreign Trade told us that Tuzmen does not plan to raise bilateral trade issues such as U.S. textiles and apparel quotas on Turkey or Qualifying Industrial Zones. However, he may want to seek Zoellick's views on the private sector initiatives to delay lifting textile quotas. USTR may want to raise problems in Turkish protection of intellectual property. End Summary.

¶12. (SBU) Econoff met with Husnu Dilemre, the Foreign Trade U/S Deputy Director General for Agreements, on March 31 to discuss USTR Robert Zoellick's April 5 meeting with State Minister Kursad Tuzmen. Dilemre confirmed that Tuzmen's focus for the meeting is on WTO rather than bilateral issues, and he provided an overview of Turkish positions in the Doha Development Agenda. He noted that Tuzmen does not plan to raise the Qualifying Industrial Zones proposal or bilateral textile quotas. He stated that Tuzmen would likely be accompanied in the meeting by Aylin Bebekoglu, Chief of Section for WTO Issues at the Foreign Trade U/S; Bilgehan Sasmaz, Commercial Counselor at the Turkish Embassy in Washington; and possibly another Foreign Trade official to be determined.

WTO Issues

¶13. (SBU) Agriculture: Dilemre opined that Zoellick's letter to trade ministers early in 2004 had led to a "changed world" for the WTO talks. For Turkey, market access in agriculture is the main issue and elimination of export subsidies a key target. Turkey has taken a cautious approach on tariffs due to concerns that sharp tariff cuts will leave Turkish farmers unable to compete with developed country subsidies. Dilemre suggested that Tuzmen would raise the issue of special and differential treatment for developing countries. Dilemre stated that Turkey has reservations about the current proposal blending linear tariff cuts on some goods and a more ambitious Swiss formula in others. Turkey, like the EU, would like to see an outcome in which more tariffs (at least 10 percent of the total) are subject to linear reductions rather than Swiss formula cuts. Dilemre noted that, while Turkish and EU positions are close on this issue, Turkey is not required to coordinate its positions in the agriculture talks with the EU since the Turkey-EU customs union does not cover this sector. He added that Turkey, like the USG, did not believe that cotton should be the subject of special treatment within the agriculture

negotiations.

14. (SBU) Industrial Goods: Dilemre said that Turkey and the United States shared much common ground on cutting tariffs in the non-agricultural market access talks. He commented that, under the customs union, Turkey coordinated closely with the EU in the WTO negotiations on manufactured goods. On the Singapore issues, Dilemre stated that Turkey agreed with the U.S. position on trade facilitation.

15. (SBU) Textile Quotas/Chinese Competition: Dilemre pointed out that the American Textiles Manufacturers Institute (ATMI) had requested a meeting with Tuzmen during this visit to Washington. In Istanbul in early March, Turkish garment and textile manufacturing associations, together with ATMI and the American Manufacturers' Trade Action Coalition (AMTAC) called for joint efforts against Chinese textile exports and a delay in lifting quotas beyond 2005. Business associations from a range of European and African countries have since joined the Istanbul Declaration. Dilemre said the GOT has not endorsed its industry's position on quotas, and, given the need for consensus in order to change the 2005 deadline, he does not expect any concrete results to emerge from this lobbying. However, he suggested that the WTO members might want to acknowledge the Istanbul Declaration by considering a sectoral approach for textiles in the talks on industrial goods and/or a separate meeting in Geneva with business associations on this subject. Dilemre opined that Tuzmen, though not focused on this issue, might seek Zoellick's views on the Istanbul Declaration.

Special 301

16. (SBU) Dilemre told us that Tuzmen will be briefed on intellectual property rights issues with the expectation that they will be raised in the context of the Special 301 review. Embassy recommends that USTR press Tuzmen on these issues, particularly data exclusivity protection. Ref B provides information on the lack of protection for pharmaceutical companies' confidential test data and on a new decree on reference pricing which could have a very negative impact on foreign drug companies. AIFD, the local research-based industry association, and officials at the Foreign Trade Undersecretariat have since told the Embassy that the GOT Health Ministry is considering changes in the pricing decree which would mitigate the adverse impact on research-based companies. The GOT has also promised to announce a policy on data exclusivity in the near future, though this might include an unacceptably long transition period. Dilemre told us that Tuzmen recently met with an AIFD delegation to discuss these concerns.

17. (SBU) The Embassy's input for the Special 301 review (ref C) comments on problems in copyright and trademark enforcement. In March, the Turkish Parliament approved copyright amendments to improve enforcement by banning street sales of all copyright products and authorizing all law enforcement units to make seizures. However, it also reduces penalties for piracy, with the rationale that current penalties are perceived by the judicial system to be too severe and are thus not applied at all. Edelman